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SIPDIS
FOR NEA/ARP AND G/TIP

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TAGS: PHUM PGOV PREL ELAB KTIP AE

SUBJECT: UAE Labor Minister Ready to Scrap Sponsorship System

REF: 09 ABU DHABI 1070; 09 ABU DHABI 1010

CLASSIFIED BY: Richard Olson, Ambassador; REASON: 1.4(B), (D)

¶1. (C) The UAE cabinet is considering a Ministry of Labor proposal to eliminate the current employment sponsorship system for expatriates, according to February 5 local media reports. No details have been released publicly, but it is believed Minister of Labor Saqr bin Ghobash Saeed Ghobash pitched his Ministry's alternative during a three-day UAE cabinet retreat in the western region of Abu Dhabi that concluded February 6. An advisor to the Labor Minister did not comment on the cabinet meeting but confirmed to PolOff that the Ministry is preparing for a major sponsorship change. On February 3, the President of the Emirates Human Rights Association Abdul Gaffar Hussain told reporters Minister Ghobash planned to have an alternative in place before the end of 2010. Hussain called the proposal as described to him by Ghobash "much more civilized" than the current sponsorship rules.

¶2. (C) In October 2009, Minister Ghobash told Ambassador privately his plan would allow laborers to freely change employment after a certain period of time in the country (reflets). Noting the sensitivity of the issue for the UAE's private sector, Ghobash said the government needed time to prepare major employers for the new system. Ghobash publicly acknowledges the human trafficking problem in the UAE and other Gulf states and decries "involuntary labor" as an impediment to sustained economic growth.

¶3. (C) Comment: Ghobash is not the only UAE Minister to make strong statements on human trafficking, but he has taken the lead in describing it as a labor market challenge negatively impacting the economy. Very little detail is available but the intent of the proposed sponsorship change is clear. Allowing workers to choose their own employers after living in the country for a period of time will create a pool of free agent laborers who can be selective in seeking better wages, employment conditions, and opportunities. The Minister's advisor told PolOff the UAEG may downplay the change as "sponsorship reform" in an attempt to minimize backlash from business owners forced from their dominant position in the employer-employee relationship.

OLSON